

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0149-02
Bill No.: HB 579
Subject: Allows officers of "S" corporations to reject workers' compensation coverage.
Type: Original
Date: March 26, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance (INS)** state that currently all corporate officers are considered employees, for which a premium is paid, and depending on the number of corporate officers that elect to opt out, less premiums will be paid. As a result, less premium taxes on workers compensation would be collected. INS states that this amount is unknown. INS states that they will be required to develop a form that will serve as a written notice to the insurers of the officer's desire to opt out of coverage and will also likely issue a bulletin of the change in the law. INS assumes the fiscal impact can be absorbed with existing staff.

Officials from the **Department of Labor and Industrial Relations** and the **Secretary of State's Office** assume the proposed legislation would have either no or minimal fiscal impact on their agencies.

Oversight assumes the premiums paid for "S" corporation officers would be relatively low and therefore, the impact on insurance premium taxes, paid to the state, resulting from this proposal, would be negligible.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could save "S" corporations money by paying less for workers' compensation premiums.

DESCRIPTION

This proposal allows officers of "S" corporations to reject workers' compensation coverage. The officers must provide written notice of their rejection to the corporation and its insurer on a form provided by the Department of Insurance. The officer may later rescind the rejection in the same manner.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance
Department of Labor and Industrial Relations
Secretary of State's Office



Jeanne Jarrett, CPA
Director

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